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Top Secret

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25X1

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Page Denied

National Intelligence Bulletin

September 3, 1974

CONTENTS

EGYPT: Moscow reschedules Fahmi visit. (Page 3)

25X1

CYPRUS: Talks postponed. (Page 5)

CAMBODIA: Lon Non may return to Phnom Penh soon. (Page 7)

CAMBODIA: Students given stiff prison sentences. (Page 8)

25X1

NEW ZEALAND: Succession problem. (Page 13)

25X1

CHILE: Security tightens as government's anniversary approaches. (Page 15)

25X1

SPAIN: Franco to resume powers as chief of state. (Page 17)

LIBYA: Fifth anniversary--parade but no speech. (Page 18)

FOR THE RECORD: (Page 18)

25X1

Page Denied

Next 2 Page(s) In Document Denied

National Intelligence Bulletin

September 3, 1974

EGYPT

The Soviets have invited Egyptian Foreign Minister Fahmi to make the Moscow visit they abruptly postponed earlier this summer. Cairo announced yesterday that the trip will take place in mid-October.

25X1

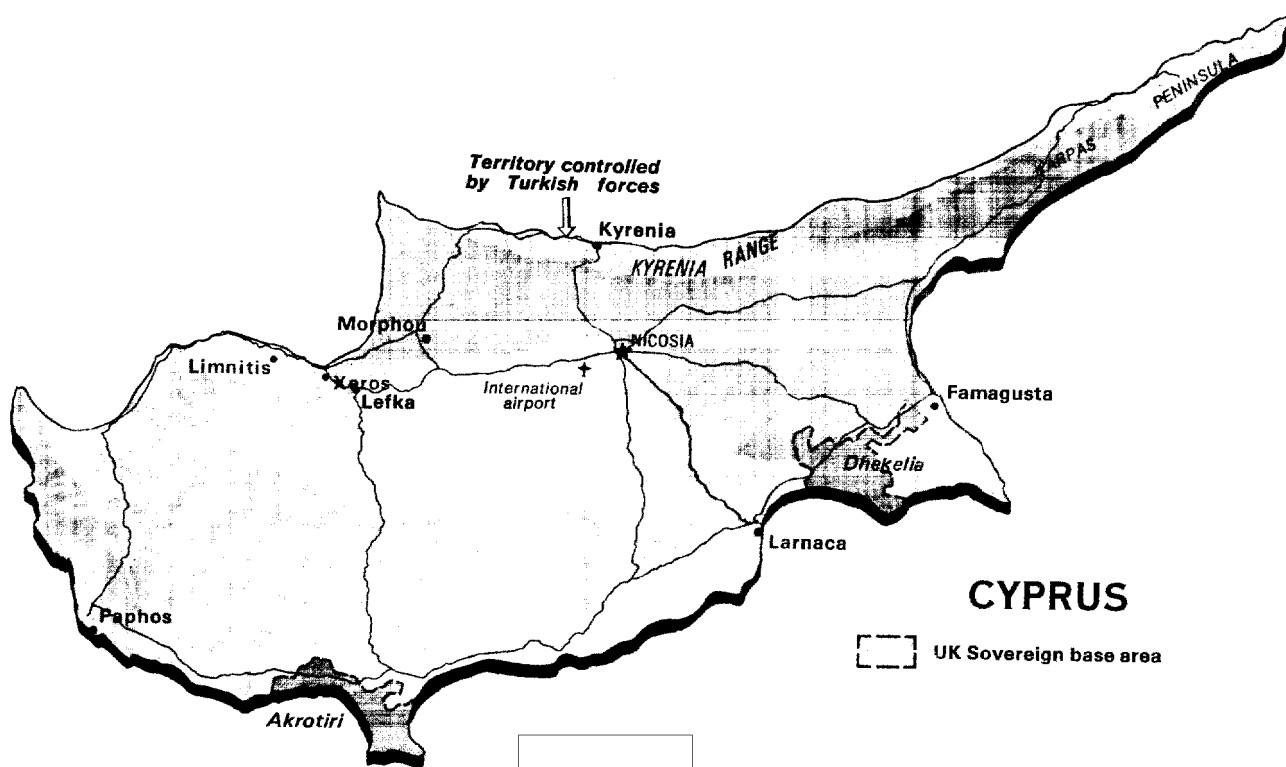
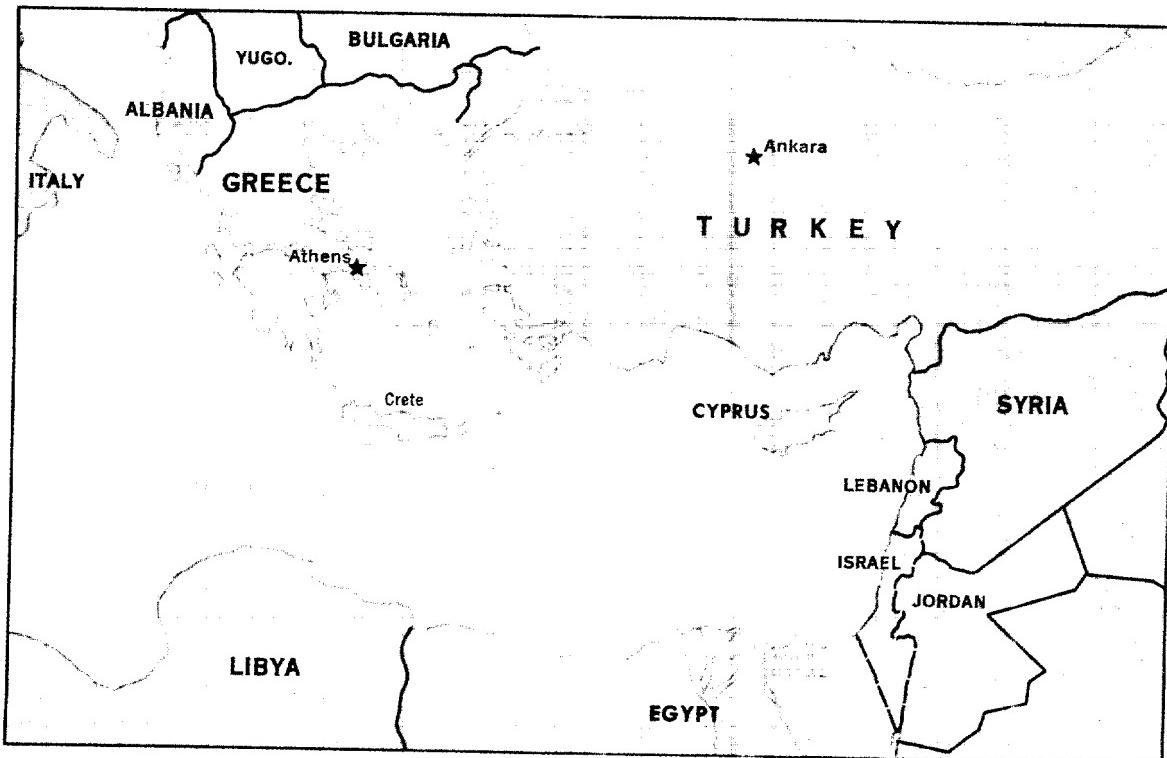
Egyptian Chief of Staff Gamasy most likely will be included in the delegation suggests that one of Cairo's goals is to ensure a steady flow of spare parts for its military equipment and to obtain access to new Soviet weapon systems. Moscow's readiness to receive

Fahmi

indications that relations between the two countries are improving.

President Sadat has been under pressure from domestic critics to mend fences with the Soviets, and Fahmi's trip should help quiet the fears of those cabinet ministers and military leaders who are concerned that Sadat is favoring the US too heavily at the expense of ties with the USSR.

25X1



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National Intelligence Bulletin September 3, 1974CYPRUS

Turkish Cypriot leader Denktash postponed yesterday the second in a planned series of talks with Greek Cypriot leader Clerides, following the discovery of the bodies of a large number of massacred Turkish Cypriots outside a village near Famagusta. The two Cypriot leaders reportedly will resume their talks on refugees and other humanitarian issues next Friday.

According to a UN representative on Cyprus, this is the third discovery of massacred Turkish Cypriots. Although the general appearance of the bodies indicates the incident took place some weeks ago, Turkish forces are likely to use the discovery to press their claim that the presence of the Turkish military on Cyprus is necessary to protect Turkish Cypriots. It will likely also provide added urgency to efforts already under way to transfer Turkish Cypriots into the occupied area from elsewhere on the island.

Over the weekend, Turkish forces continued to inch forward from the cease-fire lines.

A more serious violation of the cease-fire, as reported by the UN, is Turkish patrolling of villages right up to the boundary of the British base at Dhekelia, producing a new wave of Greek Cypriot refugees entering the British base.

In Nicosia, Acting President Clerides told the new US ambassador last Friday that he had some indication that Greek Prime Minister Karamanlis was preparing to drop his insistence on a Turkish military pullback as a precondition to serious negotiations. Clerides expressed his own view on the urgency of starting negotiations, saying he expected he would soon run out of purely humanitarian issues to discuss with Denktash in their planned weekly meetings.

National Intelligence Bulletin September 3, 1974

Clerides also expressed his grave concern over the possibility of fighting between armed Greek Cypriot extremist groups. In an effort to head off this problem, the national guard is beginning a program to disarm the EOKA-B and other extremist groups of the right and left.

In Greece, Prime Minister Karamanlis spoke to the nation Saturday night following a rousing homecoming welcome in Thessaloniki. Karamanlis made no major announcements but gave a wide-ranging talk on his hopes for a return to full democracy at home and his views of the Cyprus problem. He reaffirmed his decision to withdraw militarily from NATO, but said that Greece would not break "political and spiritual ties to Europe." He also implied criticism of the US role in the events surrounding the Turkish invasion of Cyprus, but placed primary responsibility on the junta that preceded him.

The Greek prime minister called on the nation, especially the press, to exhibit political maturity in this time of national crisis. If this was achieved, Karamanlis said, he would be able to announce, in a time "much shorter than expected," a date for elections.

The Greek government has decided to cancel, "due to the crisis," a US amphibious landing exercise scheduled to begin this week. The US embassy reports that informal discussions indicate the Greek decision to cancel the training exercise stemmed from problems of airspace control and the desire to avoid any incidents. Some hope was held out that another exercise scheduled for November might still be permitted.

National Intelligence Bulletin September 3, 1974CAMBODIA

There may be some substance to rumors in Phnom Penh of the imminent return of Brigadier General Lon Non, President Lon Nol's troublemaking younger brother. Lon Non was pressured into leaving Cambodia in the spring of last year after his constant political machinations had antagonized much of the Cambodian political leadership. Last month he declined an appointment to the Cambodian embassy in Paris and is now alleged to have refused President Lon Nol's request that he serve on his government's delegation to the UN. Cambodian officials who have talked with Lon Non in Paris recently are expecting him back in Phnom Penh early this month.

25X1
Lon Nol has apparently sent no new instructions to his brother but instead has been sounding out top officials on their feelings about Lon Non's return.

Lon Non is such a controversial figure that his very presence in Phnom Penh would cause political tensions to rise. Sirik Matak and fellow members of his Republican Party, in particular, would read Lon Non's return as an act of bad faith on Lon Nol's part. Other leading figures such as army commander in chief Sosthene Fernandez and Prime Minister Long Boret have taken a more relaxed attitude toward the possibility of Lon Non's return, but their attitudes would change quickly if Lon Non were to begin indulging his proclivity for political subterfuge.

National Intelligence Bulletin

September 3, 1974

CAMBODIA

Phnom Penh's military tribunal has meted out stiff sentences to a number of students implicated in the assassination of the minister of education and a presidential adviser on June 4. The alleged assassin, Thuch Sey Ky, who has disappeared, and another student were sentenced to death in absentia. Sentences of 15 others, including most of the students who had been conducting a hunger strike in the capital's prison, ranged from life imprisonment through 5 to 20 years at hard labor. Only four suspects were acquitted.

The sentences will almost certainly cause further unhappiness among Phnom Penh's student-teacher activists. They are already upset over the government's failure to redress the academic community's economic grievances and may use the military court's action as an excuse to renew street demonstrations against the Lon Nol regime. Activist discontent will be tempered, however, if Lon Nol follows recent past practice and grants clemency to some of those who received prison sentences.

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Next 3 Page(s) In Document Denied

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25X1

National Intelligence Bulletin September 3, 1974NEW ZEALAND

Prime Minister Kirk's sudden death leaves a large leadership gap in the Labor government. There is no obvious successor. Pre-eminent in the Labor Party for ten years, the popular and dynamic Prime Minister had never felt the need to groom an alternate.

Deputy Prime Minister Watt becomes acting prime minister, and the party caucus will meet within ten days to select a new leader. A desire for continuity and Watt's reputation as a party workhorse strengthen his chances, but he has not distinguished himself in his several cabinet positions and generally has not been considered prime minister material.

Four others appear to be in the running. Finance Minister Rowling, an able and shrewd politician with lines to every Labor member of parliament, appears to be the strongest candidate. Trade and Industry Minister Freer, although number-three man in the Kirk government, suffers from a history of radical left activities, even though he appears to have mellowed considerably with time. Justice Minister Finlay, another leftist, is hard working but may be too intellectual for his Labor colleagues' liking. The talented defense minister, Arthur Faulkner, has not had the wide-ranging cabinet responsibilities that would make him a natural contender. Even before Kirk's death, however, he had been mentioned as a replacement for Watt as deputy prime minister and could be a dark horse in the race for prime minister.

Whatever the outcome, the leadership change will have little effect on Wellington's traditionally cordial relations with the US.

Even if one of the leftist contenders wins, he would be preoccupied with consolidating his party position and attempting to deal with New Zealand's economic problems.

National Intelligence Bulletin September 3, 1974

Although the Labor Party may be in some disarray for several months, the opposition National Party is in no position to take advantage of it. Labor's strong parliamentary majority and tight party discipline make it unlikely that elections could be forced before the scheduled date of November 1975.

25X1

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25X1

National Intelligence Bulletin

September 3, 1974

CHILE

Concern that the left may try to use violence to mark the anniversary on September 11 of Allende's overthrow has caused the government to tighten security.

Security forces are especially concerned about the safety of government leaders during the anniversary and the subsequent national holiday on September 18-19.

Nationwide police sweeps and mass arrests of "criminal elements"--undoubtedly aimed in part at ferreting out leftists--began in mid-July and are likely to intensify as the anniversary approaches. Moreover, there apparently have been some recent incidents of field level violations of the government's official policy against summary executions.

There has been considerable speculation that the first anniversary of military rule may bring announcements about human rights. Pinochet said recently that "the commutation or reduction of sentences" of persons convicted of "lesser crimes" is under study, but ruled out a general amnesty. The government's intentions may be clarified when Pinochet holds a press conference on September 4. There may also be word on what the government plans to do with the Allende cabinet officers and leftist party leaders it has held since the coup.

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25X1

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25X1

25X1

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25X1

National Intelligence Bulletin September 3, 1974SPAIN

The Spanish government announced last night that General Franco has decided to resume his powers as chief of state. Prince Juan Carlos had been acting in his stead since July 19. The announcement came a day after Franco's doctors issued a bulletin stating that the 81-year-old leader was "clinically cured" of the thrombo-phlebitis of his right leg and could resume a normal life.

The announcement will end Juan Carlos' ambiguous role. The Prince found it difficult to be acting chief of state with Franco looking over his shoulder.

Despite the optimistic comments on Franco's health issued by his doctors and close associates over the past week, his other medical problems will reduce his vigor and limit his tenure.

25X1

National Intelligence Bulletin September 3, 1974**LIBYA**

The celebration of the fifth anniversary on September 1 of the coup that brought Colonel Qadhafi to power was a quiet one. A reportedly relaxed and smiling Qadhafi presided over the day's major attraction--a large military parade in Tripoli. Contrary to his custom on previous such occasions, Qadhafi made no speech. A high official in the Ministry of Information told reporters, however, that there was a 70-percent chance Qadhafi would hold a news conference within a few days.

The Libyans displayed two items of new Soviet military equipment--SA-6 surface-to-air missiles and T-62 tanks. A large group of foreign dignitaries attended the parade, including, on the Soviet side, a minister of the Russian republic and a Soviet major-general.

25X1

FOR THE RECORD

France - West Germany: French President Giscard and West German Chancellor Schmidt held an unexpected meeting in Paris yesterday. No communiqué was issued; Schmidt told reporters the discussion covered political and economic topics.

25X1

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